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Introduction

We have completed our audit of the West Valley Mission Community College District (WVMCCD) and the Santa Clara County Black Chamber of Commerce (SCCBCC) regarding the grant agreement to carry out the Technology Education Career Hub (Tech Q-III) Project in 2000-01 and 2001-02. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

The City Auditor’s Office thanks the management and staff of the WVMCCD, the SCCBCC, and the Department of Parks, Recreation, and Neighborhood Services, who gave their time, information, insight, and cooperation during the audit process.

Background	The West Valley Mission Community College District (WVMCCD) entered into a grant agreement with the City of San Jose to carry out the Technology Education Career Hub (Tech Q-III) Project in 2000-01 and 2001-02 pursuant to the Healthy Neighborhood Venture Fund (HNVF) Program. The Santa Clara County Black Chamber of Commerce (SCCBCC) was the original grant applicant. However, the City approved the Tech Q-III Project only on condition that the SCCBCC partnered with an approved fiscal agent. The WVMCCD agreed to serve as that fiscal agent. In doing so, the WVMCCD assumed primary grantee responsibility for the implementation of the Tech Q-III Project.
<i>Purpose Of The Tech Q-III Project</i>	<p>The purpose of the Tech Q-III Project was to provide employability skills and technology training to youth and adults to build career pathways and assist them in job placement and job retention.</p> <p>The grant agreement required the WVMCCD to:</p> <ol style="list-style-type: none">1. Provide technology and employability training sessions to eligible project participants;2. Serve a minimum of 329 unduplicated participants (defined as “ participants who receive services at least once a year, but who may not be counted more than once in that year”); and

3. Maintain records to document participant eligibility, including residency, age, family size, and household income.

The WVMCCD and the SCCBCC collaborated in providing the technology and employability training sessions. The SCCBCC recruited the participants, screened them for eligibility, conducted technology workshops, provided career counseling and job referral services, and submitted the quarterly project reports to the HNVF office. The WVMCCD administered the specialized training needed to prepare participants for the Computer A+ certification, conducted employability skills training, and provided Introduction to Computer Information Technology classes.

Both the SCCBCC and the WVMCCD maintained Tech Q-III participant records. To prepare for our audit, the WVMCCD staff obtained the participant records from the SCCBCC and organized and filed them with the WVMCCD's Tech Q-III participant records.

Grant Costs

The City agreed to pay the WVMCCD a total grant in the amount not to exceed \$839,000. However, actual payments from January 2001 through August 2002 totaled \$584,048. The following chart shows how the WVMCCD disbursed the grant funds:

Description	Amount	Totals
The City paid to the WVMCCD		\$584,048
The WVMCCD paid to the SCCBCC	\$273,185	
The WVMCCD paid to the Dell Corporation for Tech Q-III computer equipment	190,469	
The WVMCCD retained for contract education	86,834	
The WVMCCD retained as its fiscal agent fee	33,560	
Total project disbursements		\$584,048

How The WVMCCD Viewed Its Role

Although the grant agreement was clear that the WVMCCD was the grantee, the management and staff of the WVMCCD viewed their role as more of a pure fiscal agent working on behalf of the SCCBCC and did not intend to take on the responsibility for all grant requirements. According to the WVMCCD management:

"The report does not indicate the true nature of the relationship between SCCBCC, the City of San Jose and the WVMCCD. Your report identifies that WVMCCD is the fiscal agent which is correct. However, our role as fiscal agent, by the nature of an

agency relationship prevents us from taking on responsibility for implementation of the grant. The SCCBCC was the agency responsible for implementation of the grant. WVMCCD did not need the SCCBCC to engage in this type of service and would not have been involved except for the City's requirement for SCCBCC to use a fiscal agent. WVMCCD signed a fiscal agent agreement which was used to determine the level of oversight that would be applied by WVMCCD. The City's agreement, that was issued sometime after the start date of the program, appears to have changed the intent of the contractual relationship to bind WVMCCD for the operation of the grant, but in reality the SCCBCC took direction from the City, not WVMCCD. The operation of the grant program was consistent with the fiscal agent agreement in which the City monitored the program and the WVMCCD fulfilled the fiscal agent role.

The City did not rely on WVMCCD for implementation of the grant but instead dealt directly with SCCBCC. If we (WVMCCD) considered our role to be anything other than fiscal agent, we would have taken over control of the entire program. While your report makes frequent comment to SCCBCC, it does not specify the role of SCCBCC nor the role of WVMCCD in execution of this contract. SCCBCC and the City were in direct contact during this program and the City was exercising oversight of the grant. WVMCCD was not responsible for program operations and retained only its responsibility for fiscal agent duties during the course of this agreement.

The WVMCCD accepted responsibility for the fiscal agency of the Tech Q III contract. Those responsibilities did not extend beyond verification that expenditures were in line with the HNVF manual provided by the City of San Jose. The District did not and would not accept responsibility for the operations and implementation of the grant nor for the day to day accounting systems and fiscal operations of the Black Chamber. Had the District accepted such responsibility, payment to the District would have been significantly higher in order to adequately oversee said operations.

When working with funders, the college is contacted directly by that funder and a meeting is arranged to discuss changes in the contract from what was proposed in the RFA. This did not occur with the Tech Q III contract and in fact the City staff dealt directly with the Chamber staff from the inception. The WVMCCD first received the Tech Q III contract from the City of San Jose from Raychine Jefferson. It was signed and Raychine returned the signed copy to the City. The City staff did not arrange with the Dean of Workforce and Economic Development, nor any of the District's Program Managers to discuss the contract.

Because of the City's actions, the District staff understood that all programmatic activities were to be provided in the City of San Jose by the SCCBCC. The District's fiscal agency responsibility was related to the grant only. Other fiscal activities of the SCCBCC were not understood to be the business nor the responsibility of the WVMCCD. There was no communication from City staff to alter that understanding.

The WVMCCD staff developed a very collegial relationship with the City staff. The Dean of Workforce and Economic Development, the District fiscal analyst, and the District Program Manager had phone conversations with City staff throughout the duration of the contract but those conversations revolved around fiscal issues only, i.e., the submission of receipts by the SCCBCC for payment, the interpretation of the HNVF manual, the frustration District staff was having getting receipts from the Chamber. Never once were District staff notified by the City or anyone else that they should be more programmatically involved, should be setting up or reviewing the Chamber's in-house books or records (other than those related to paying expenditures incurred by the grant), or should be handling the payment of payroll taxes and other responsibilities for the Chamber. If such responsibilities were to be part of the fiscal agency by the District, the City staff should have worked directly with WVMCCD staff from the start. The City staff should have called the WVMCCD Dean, Lin Marelick and discussed any concerns they had. The only contact between the City

and the District was initiated by Dean Marelick and those contacts were limited to reimbursements for expenses to the Chamber. No other issues were discussed, no other phone calls received. If there were problems with the contract implementation, the City staff should have been communicating directly with Dean Marelick.”

Scope And Methodology

The objectives of our review of the Tech Q-III Project were to:

- Confirm that the WVMCCD and the SCCBCC conducted the technology and employability training sessions specified in the grant agreement;
- Count the number of participants recorded on intake records or sign-in sheets to ascertain that the WVMCCD and the SCCBCC served the minimum number of unduplicated participants specified in the grant agreement;
- Determine from the intake records whether the project participants were eligible in accordance with the grant agreement;
- Determine from the course completion certificates whether the participants completed the training in accordance with the grant agreement;
- Determine from the completed job placement certification forms whether the SCCBCC provided the job placement services specified in the grant agreement;
- Ascertain that the grant funds were properly accounted for in accordance with Federal grant accounting requirements; and
- Perform a physical inventory of the equipment purchased with grant funds.

To accomplish our audit objectives, we:

- Discussed with the WVMCCD Program Managers Tanesha Gipson and Gloria diMarco the organization of the project participant files;
- Reviewed the flyers announcing the various technology and employability training sessions the WVMCCD and the SCCBCC offered in connection with the Tech Q-III Project, as well as the student test papers and grading

sheets, the participant surveys, and the course completion certificates in the participant files;

- Counted the participant names recorded on intake forms and sign-in sheets;
- Reviewed a sample of the participant intake forms to ascertain eligibility;
- Reviewed the job placement verifications;
- Consulted with the City's HNVF staff regarding the acceptability of the eligibility documentation, course completion certificates, job placement confirmations, and quarterly project reports the SCCBCC submitted to the HNVF office;
- Reviewed the accounting system and internal controls at the SCCBCC, including the SCCBCC's financial audit report for the year ended June 30, 2001; and
- Performed a physical inventory of the computer equipment purchased with grant funds.

We based our review of participant eligibility on a judgmental sample of 14 participant files from a population of 37 participants in the Computer A+ technology course.

The computer generated reports we reviewed during this audit were listings of project participants. We tested these reports by manually verifying that the counts were accurate.

We coordinated our work with the San Jose Police Department, which is conducting a separate investigation regarding the use of funds at the SCCBCC. As of the date of this report, the Police Department has not yet completed its investigation.

Audit Findings

Our review of the grant agreement between the WVMCCD and the City of San Jose to carry out the Technology Education Career Hub (Tech Q-III) Project in 2000-01 and 2001-02 disclosed that the WVMCCD and the SCCBCC conducted the technology and employability training sessions specified in the grant agreement and exceeded the overall target for the number of unduplicated participants. However, we found the following deficiencies in the project administration:

- Documentation of participant eligibility was inadequate;
- Participant course completion was not properly documented;
- Participant job placement certifications were incomplete;
- The grantee overspent its budget for computer equipment;
- The SCCBCC’s cash handling activities and accounting records showed non-compliance with Federal and state non-profit reporting and payroll tax requirements, internal control weaknesses, and inadequate or missing documentation; and
- Computer equipment costing \$2384 is missing.

We reviewed our audit findings with representatives of the WVMCCD and the SCCBCC. Their responses are incorporated in this report.

The WVMCCD And The SCCBCC Conducted The Technology And Employability Training Sessions Specified In The Grant Agreement	<p>Based on our review of the flyers announcing the various technology and employability training sessions the WVMCCD and the SCCBCC offered in connection with the Tech Q-III Project, as well as the student test papers and grading sheets, the participant surveys, and the course completion certificates in the participant files, we confirmed that the WVMCCD and the SCCBCC conducted the technology and employability training sessions specified in the grant agreement. These training sessions included:</p> <ul style="list-style-type: none">• Computer A+ Certification;• Introduction to Technology;
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- Employability Skills;
- Office Technology; and
- Tech Awareness Day.

The WVMCCD And The SCCBCC Exceeded The Overall Target For The Total Number Of Unduplicated Participants But Not For All Training Sessions

Based on the number of participants recorded on intake records or sign-in sheets, we confirmed that the WVMCCD and the SCCBCC served the minimum number of unduplicated participants specified in the grant agreement for the Computer A+ Course (Lab 1 classes) and the Tech Awareness Day workshop, but not for the Introduction to Technology, Employability Skills Workshops and Office Technology classes. However, the WVMCCD and the SCCBCC exceeded the overall target for the total number of unduplicated participants.

Activities	Unduplicated Participants	
	Minimum Required	Actual
Computer A+ Course (Lab 1 Classes)	54	64*
Tech Awareness Day	75	93
Introduction to Technology, Employability Skills Workshops, & Office Technology Classes	200	181**
Total	329	338

Documentation Of Participant Eligibility Was Inadequate

We reviewed the intake records of a sample of 14 participants (from the list of 37 students who completed the two parts of the Computer A+ course under the Tech Q-III Project) to determine whether the project clients were eligible in accordance with the grant agreement. According to the grant agreement,

*“Eligible clients under this Agreement shall be low- and moderate-income residents of the City of San Jose, ages 16 through 24 and adults... Grantee shall document each PARTICIPANT’S eligibility on intake sheets and shall include **client certification** that the intake information is accurate and subject to*

* Of the 64 Computer A+ participants, only 37 were enrolled at the WVMCCD for the two-part course. The remaining 27 participants received training from the SCCBCC and were able to participate only in the first part of the two-part course. The second part would have been offered to the 27 late registrants during the next grant period had the grant continued. According to the Parks, Recreation, and Neighborhood Services (PRNS) staff, PRNS accepted all 64 students as eligible participants for the grant's enrollment requirement.

** According to the PRNS staff, the contract requirement is substantially accomplished as the actual results are at least 90% of the requirement.

*verification. Intake sheets shall include **information in residency, age, family size, and household income.***” (emphasis added).

None of the intake forms we reviewed showed participant signatures or other forms of client certification. Furthermore, the intake forms lacked one or more pieces of required information (residency, age, family size, and/or household income). Based on the intake forms we reviewed, we were unable to ascertain the eligibility of the participants.

Participant Course Completion Certificates Were Incomplete

We reviewed the course completion certificates to determine whether the participants completed the training in accordance with the grant agreement. According to the grant agreement, *“Grantee shall collect copies of certificate of successful completion for the Introduction to Technology and A+ course(s) from the instructor.”* We found the certificates of completion filed with the student records. However, except for two certificates, the certificates of completion on file did not show the instructor’s signature. Therefore, based on the course completion certificates, we were unable to confirm that the participants completed the training in accordance with the grant agreement.

The WVMCCD staff showed us a list of student grades for the Computer A+ classes that indicated that 23 of the 37 (62%) Computer A+ students successfully completed* the course. Based on this outcome and if the student grade records are accepted as substitute documentation, the grantee met the grant agreement's target of 60% of the participants completing the course.

Participant Job Placement Certifications Were Incomplete

To determine whether the grantee met the Tech Q-III Project’s job placement target, we reviewed the job placement documentation in the participant files. The grant agreement set a target of 70% of participants successfully completing the A+ sessions being placed in jobs. Further, according to the grant agreement, *“Grantee shall collect ...copies of paychecks or a letter or job certification from employers stating that the*

* Of the 64 Computer A+ participants, only 37 were enrolled at the WVMCCD for the two-part course. The remaining 27 participants received training from the SCCBCC and were able to participate only in the first part of the two-part course. According to PRNS staff, while all 64 students were considered as eligible participants for the grant enrollment requirement, only the 37 who were enrolled in both parts of the course were counted under the "successful completion" requirement.

participant is employed.” We could not locate any of the required copies of paychecks or letters stating that the participant was employed. We were able to locate job certification forms for the 23 participants who completed the Computer A+ classes. However, these forms lacked either a signature from an employer or an indication that the participant was hired. Consequently, based on the documentation on file, we were unable to confirm that the grantee achieved the project's job placement targets.

**The Grantee
Overspent Its
Budget For
Computer
Equipment**

In purchasing computer equipment for the Tech Q-III Project, the WVMCCD expended \$33,469 more than the grant budget authorized. The grant budget designated \$157,000 for equipment purchases, but the WVMCCD purchased computer equipment totaling \$190,469.

The WVMCCD's response:

Project monitor Cora Velasco was aware of the grantee over expenditure for \$33,469 more for computer equipment and told District fiscal analyst Doug Masury that the overage was not a problem because in the “other” line item for the Tech Q III budget there was enough funding to cover the overage. The District staff never requested a budget transfer or sought any other type of approval from City staff concerning this overage. District staff accepted Cora's comments as approval for the expenditure.

The SCCBCC's Cash Handling Activities And Accounting Records Showed Non-Compliance With Federal And State Non-Profit Reporting And Payroll Tax Requirements, Internal Control Weaknesses, And Inadequate Or Missing Documentation

Our review of the SCCBCC's cash handling and accounting procedures disclosed non-compliance with Federal and state non-profit reporting and payroll tax requirements, internal control weaknesses, and inadequate or missing documentation. We summarized our findings and the SCCBCC's responses in Appendix B.

The WVMCCD's response:

SCCBCC's cash handling activities and accounting records were not the responsibility of the College District. Any cash handling by the Black Chamber was done outside of Tech Q III contract as the City of San Jose pre approved all expenditures for the contract/grant but received no cash from the City or from the District. Based on a conversation between Nancy Valby, City of San Jose and Doug Masury, WVMCCD regarding the lack of documentation for payroll taxes for the SCCBCC Nancy stated that issue was between the Black Chamber and whatever taxing agency was involved.

Missing Computer Equipment

We performed a physical inventory of the computer equipment purchased with grant funds. As noted above, the WVMCCD purchased computer equipment totaling \$190,469 for the Tech Q-III Project and transferred custody of all the equipment to the SCCBCC. With the assistance of the SCCBCC and the WVMCCD staff, we physically verified 76 pieces of computer equipment. After our two meetings and a follow-up review, the following items were still missing:

Description	Serial Number	Cost	Comments
Cisco Dual Ethernet/WAN	JMX0533J1ZU	\$1,014.95	Instead of this equipment, a similar equipment with Serial #06939370 was on hand.
Cisco 340 Series 11 Mbps DSSS Bridge	SEK053604E4	1,368.95	The SCCBCC staff will continue to search for this equipment.
Total		\$2,383.90	

The WVMCCD's response:

WVMCCD is in the process of filing a police report for the missing two pieces of Tech Q-III computer equipment costing \$2,384.

CONCLUSION

Based on our review of Tech Q-III Project records, we confirmed that the WVMCCD and the SCCBCC:

- conducted the technology and employability training sessions specified in the grant agreement and
- exceeded the overall target for the number of unduplicated participants.

However, because of inadequate records, we were unable to confirm that:

- the project participants were eligible;
- the participants completed the training in accordance with the grant agreement; or
- the WVMCCD and the SCCBCC achieved the project's job placement targets.

Our review of grant accounting requirements and the grant reimbursements from the City to the WVMCCD and from the WVMCCD to the SCCBCC disclosed that:

- the grantee expended \$33,469 more for computer equipment than the grant budget authorized;
- the SCCBCC's cash handling activities and accounting records showed non-compliance with Federal and state non-profit reporting and payroll tax requirements, internal control weaknesses, and inadequate or missing documentation; and
- two pieces of Tech Q-III computer equipment costing \$2,384 were missing.